

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 00-0357P**

Gross and Adjusted Gross Income Tax  
Calendar Years 1996, 1997, and 1998

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**ISSUE(S)**

I. **Tax Administration**—Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer is incorporated in Pennsylvania and has three Indiana business locations. Upon audit it was discovered that the taxpayer made various errors in preparing its income tax returns such as the failure to report material sales for gross income tax, failing to include Indiana sales in the numerator of the sales factor, failure to throwback sales for apportionment, and the erroneous classification of business income to non business income.

Taxpayer protests the penalty and states that it has made an honest attempt to correctly report its liabilities and has a history of paying its tax liabilities timely. It has made necessary changes to insure it does not happen in the future.

I. **Tax Administration**—Penalty

**DISCUSSION**

Taxpayer was assessed a negligence penalty for failure to correctly report receipts in gross income, various errors in the apportionment factor and failure to correctly report business income. Taxpayer paid 70.7%, 94.5%, and 85.7% of the tax due for calendar years 1996, 1997, and 1998 respectively.

Taxpayer, in a letter dated May 9, 2000, protested penalties assessed because it has a history of paying its tax liabilities timely, has made an honest attempt to correctly report its tax liabilities, and has made

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necessary changes to insure these errors are corrected in the future.

Taxpayer made errors in various areas of its tax return that should have been verified before filing. Taxpayer has not provided reasonable cause to allow the department to waive the negligence penalty.

**FINDING**

Taxpayer's protest is denied.

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